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AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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June 3, 2009

Board of Directors  
Dependent Care Management, Inc.  
117 S. First St.  
Zionsville, IN 46077

We have reviewed the audit report prepared by Kelley Hardesty Smith and Co., Independent Public Accountants, for the period January 1, 2006 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Dependent Care Management, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. Page 18 contains one current audit finding. The status of one prior audit finding can be found on page 19.

STATE BOARD OF ACCOUNTS

**DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITOR'S REPORT

Larry D. Smith, C.P.A.  
Mark D. Scheaffer, C.P.A.  
Bryan W. Whisler, C.P.A.  
William L. Hardesty, C.P.A.  
William H. Kelley, C.P.A., ret.

To the Board of Directors  
Dependent Care Management, Inc.

We have audited the accompanying statements of financial position of Dependent Care Management, Inc. (a non profit organization) as of December 31, 2007 and 2006, and the related statements of activities and net assets and cash flows for the years then ended. These financial statements are the responsibility of Dependent Care Management, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dependent Care Management, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, on our consideration of Dependent Care Management, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Kelley Hardesty Smith and Co.*

Kelley Hardesty Smith and Co.  
Indianapolis, IN  
Employer Federal ID # 35-1427175  
Auditor: Larry D. Smith C. P. A.  
June 24, 2008

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2007 AND 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash	\$ 107,850	\$ 86,028
Accounts receivable - CCFP	133,467	119,552
Accounts receivable - other	12,305	12,052
	253,622	217,632
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT:		
Property and equipment	26,219	25,718
Less accumulated depreciation	(14,473)	(10,759)
Undepreciated cost	11,746	14,959
	265,368	232,591
TOTAL ASSETS	\$ 265,368	\$ 232,591

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable - providers	\$ 116,531	\$ 104,487
Accounts payable - trade	1,424	4,987
Audit Reserve Accrual	9,220	3,220
Deferred revenue	631	631
	127,806	113,325
TOTAL CURRENT LIABILITIES		
LONG-TERM DEBT:		
Total long-term debt	-	-
TOTAL LIABILITIES	127,806	113,325
Net Assets - Unrestricted	137,562	119,266
TOTAL LIABILITIES AND NET ASSETS	\$ 265,368	\$ 232,591

The accompanying notes to financial statements are  
an integral part of these financial statements.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES AND NET ASSETS  
FOR THE YEARS DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
REVENUES:		
Child care food program	\$ 1,754,464	\$ 1,552,820
UAW, Ford & Delphi	-	28,781
Interest Income	4,473	4,883
Other income	186,809	225,525
	1,945,746	1,812,009
TOTAL REVENUES		
EXPENSES:		
Child care providers	1,559,692	1,371,718
Wages	256,272	300,663
Payroll taxes	21,184	25,105
Leased equipment	3,258	5,988
Printing, promotions and advertising	1,969	6,131
Postage	3,740	3,013
Sub-contract, substitute, back-up, referral expenses	2,742	3,813
Communication	4,713	4,268
Office supplies and expense	4,850	5,602
Recruitment and training	1,662	6,517
Professional affiliations	318	170
Professional fees	10,540	10,234
Program improvement, professional and resource	3,570	11,950
Depreciation	3,714	4,750
Travel	18,860	22,596
Employee benefits	7,512	6,941
Insurance	8,688	10,209
Property taxes	297	-
Office rental and maintenance	9,750	8,634
Utilities	4,119	4,005
Loss on Asset Disposal	-	1,011
Other operating expenses	-	363
	1,927,450	1,813,681
TOTAL EXPENSES		
INCREASE IN UNRESTRICTED NET ASSETS	18,296	(1,672)
Unrestricted Net Assets - beginning	119,266	120,938
Unrestricted Net Assets - ending	\$ 137,562	\$ 119,266

The accompanying notes to financial statements are  
an integral part of these financial statements.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 18,296	\$ (1,672)
Adjustments to reconcile increases in net assets to net cash provided by operating activities:		
Loss on Asset Disposal	-	1,011
Depreciation	3,714	4,750
(Increase) decrease in operating assets:		
Accounts receivable - CCFP	(14,168)	(11,707)
Accounts receivable - other	-	2,084
Increase (decrease) in operating liabilities:		
Accounts payable - providers	12,045	859
Accounts payable - trade	2,435	(3,798)
Deferred revenue	-	(466)
Total adjustments	<u>4,026</u>	<u>(8,278)</u>
Net cash provided (used) by operating activities	<u>22,322</u>	<u>(8,939)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(500)</u>	<u>(396)</u>
Net cash (used) by investing activities	<u>(500)</u>	<u>(396)</u>
Net increase (decrease) in cash	21,822	(9,335)
Cash balance at January 1	<u>86,028</u>	<u>95,363</u>
Cash balance at December 31	<u>\$ 107,850</u>	<u>\$ 86,028</u>

The accompanying notes to financial statements are  
an integral part of these financial statements.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Dependent Care Management, Inc. is a non profit corporation assisting family day care homes that participate in the Federal Child and Adult Care Food Program of the U.S. Department of Agriculture. Funds are passed through the Indiana Department of Education for eligible children under agreement 106-0010.

Dependent Care Management, Inc. has contracts to provide resource, referral and parent education to corporations.

Income Tax Status

Dependent Care Management, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, the financial statements contain no provision for income taxes.

Donated Services

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

Property and Equipment

Property and equipment are stated at cost and depreciated over the useful life of the asset, five to seven years, using the straight-line method. Routine maintenance and repairs are expensed as incurred. Depreciation expense for the years ended December 31, 2007 and 2006 is \$ 3,714 and \$ 4,750, respectively.

Allowance for Bad Debts

The company uses the allowance for doubtful accounts method to record uncollected receivables. The allowance for doubtful accounts at December 31, 2007 and 2006 was \$-0- and \$-0-, respectively. The company incurred bad debts of \$-0- and \$-0- for 2007 and 2006, respectively.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash Flows

For purposes of the Statements of Cash Flows, the Company considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

Use of Estimates

The process of preparing financial statements in conformity with U. S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - ECONOMIC DEPENDENCY

Dependent Care Management, Inc. receives approximately 90% of its revenue from the Indiana Department of Education (IDE) who, in turn, receives funding from the U.S. Department of Agriculture. Should funding of the Child Care Food Program cease, Dependent Care Management, Inc. would not be able to generate sufficient revenue to continue the Child Care Food Program. As of December 31, 2007 and 2006, \$ 133,467 and \$ 119,552, respectively, are due from the IDE.

NOTE 3 - LINE OF CREDIT

The company has a revolving credit agreement with a bank with a maximum borrowing limit of \$ 25,000. The revolving credit agreement is renewed on a month to month basis. Interest is accrued and payable at a variable rate at 1% over the bank's prime rate, which was 7.25 % and 8.25 %, respectively. The balance owing at December 31, 2007 and 2006 is \$ -0- and \$ -0-, respectively. This is reported as short-term borrowings. The line of credit is unsecured.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - ECONOMIC CONCENTRATIONS

The company maintains its cash balance in one financial institution located in Indianapolis, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.

NOTE 5 - OPERATING LEASE

The Organization leases office space under an operating lease on a month-to-month basis. In 2006 the Company entered into an operating lease to rent a postage meter. In 2007 the Company entered into an operating lease to rent a new copier.

Minimum future rental payments under non-cancelable operating leases originating in July, 2006 having remaining terms in excess of one year as of 2007 for each of the next five years are:

2008	\$3,416
2009	3,416
2010	764
2011	-
2012	-
Total minium future rental payments	<u><u>\$7,596</u></u>

NOTE 6 - DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution pension plan. Contributions to the plan for 2007 and 2006 were \$-0- and \$-0-, respectively.

*DEPENDENT CARE MANAGEMENT, INC.*  
(A NON PROFIT ORGANIZATION)

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Dependent Care Management, Inc.

We have audited the financial statements of Dependent Care Management, Inc. (a non profit organization) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dependent Care Management, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dependent Care Management, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and responses as item 07-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. The item described as 07-1 above is considered to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dependent Care Management, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as item 07-1.

This report is intended solely for the information and use of the Board of Directors, management, the Indiana Department of Education, the Indiana State Board of Accounts and the U.S. Department of Agriculture, and is not intended to be and should not be used by anyone other than these specified parties.

*Kelley Hardesty Smith and Co.*

Kelley Hardesty Smith and Co.  
Indianapolis, IN  
June 24, 2008

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

To the Board of Directors  
Dependent Care Management, Inc.

Compliance

We have audited the compliance of Dependent Care Management, Inc. (a non profit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. Dependent Care Management, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Dependent Care Management, Inc.'s management. Our responsibility is to express an opinion on Dependent Care Management, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dependent Care Management, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that

our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Dependent Care Management, Inc.'s compliance with those requirements.

In our opinion, Dependent Care Management, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. However, the results of our auditing procedures disclosed instances of noncompliance with these requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and responses as item 07-1.

#### Internal Control Over Compliance

The management of Dependent Care Management, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Dependent Care Management, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over compliance that, in our judgment, could adversely affect Dependent Care Management Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and responses as item 07-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, of the

reportable conditions described above, we consider item 07-1 to be a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, the Indiana Department of Education, the Indiana State Board of Accounts and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.

*Kelley Hardesty Smith and Co.*

Kelley Hardesty Smith and Co.  
Indianapolis, IN  
June 24, 2008

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

SCHEDULES OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

SCHEDULES OF FINDINGS AND RESPONSES

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

A. Summary of the auditors' results.

*Financial Statements*

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

U.S. Department of Agriculture

Pass-through from Indiana Department of Education - Child Nutrition Program Sponsor  
- Child Care - CFDA No. 10.558; Grant No. 06-0010, Grant periods - 10/1/06 - 9/30/07  
and 10/1/07 - 9/30/08.

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

SCHEDULES OF FINDINGS AND RESPONSES

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

B. Findings and Responses - Major Federal Award Programs and Financial Statement Findings

07-1

Statement of Condition: In order to comply with generally accepted accounting principles (GAAP) and *Government Auditing Standards* certain accounting and administrative responsibilities must be performed by one of two persons. One person has access to all books and records. Due to the size of the company, proper segregation of duties cannot be achieved without the cost exceeding any benefit.

Criteria: Generally accepted accounting principles, and *Government Auditing Standards* requires management of Dependent Care Management, Inc. to establish policies to safeguard assets.

Questioned Costs: None.

Context: None.

Effect of Condition: Because of inherent limitations in any internal controls, errors, irregularities or instances of non-compliance may nevertheless occur and not be detected. Also, projection of any evaluation to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Cause of Condition: Dependent Care Management, Inc. lacks the size to adequately segregate duties.

Recommendation: No recommendation. Due to the size of the company, proper segregation of duties cannot be achieved without the cost exceeding the benefit.

Management Response: Dependent Care Management, Inc. cannot fully segregate duties as outlined in this finding due to restrictions of funding. There are insufficient administrative funds to hire additional employees. However, some duties are being segregated to a limited extent. The mail is being opened and bank deposits are being made by someone other than the person responsible for preparing the bank reconciliations and for maintaining the general ledger.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

AUDITORS' COMMENTS ON THE AUDIT RESOLUTION MATTERS  
RELATING TO THE FOOD PROGRAM

The corrective actions taken by Dependent Care Management, Inc. on the findings from the prior audit report dated May 16, 2006.

Finding Number 1

Dependent Care Management, Inc. was not segregating duties of accounting and administrative responsibilities for internal control purposes.

Status - Company has implemented some control procedures to segregate duties. The mail is being opened and bank deposits are being made by someone other than the person responsible for preparing the bank reconciliations and for maintaining the general ledger. See finding 07-1.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

SCHEDULES OF FEDERAL AWARDS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

NOTES TO THE SCHEDULES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Note A – Basis of Accounting

The accompanying Schedules of Federal Awards are a summary of the cash activity of the Organization's Federal awards program and do not present transactions to be included in the financial statements of the Organization presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

Note B – Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Organization does not qualify as a low-risk auditee.

DEPENDENT CARE MANAGEMENT, INC.  
(A NON PROFIT ORGANIZATION)

SCHEDULES OF FEDERAL AWARDS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

2007

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Department of Agriculture</u>			
Indiana Department of Education:			
Child Care Food Program	10.558	06-0010	\$ 1,745,451

2006

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Department of Agriculture</u>			
Indiana Department of Education:			
Child Care Food Program	10.558	06-0010	\$ 1,551,611